

Case study: Technopak Limited

NZECO solution: Secure Export Sales / Access Trade Finance

NZECO product: General Contract Bond Guarantee

Sector: Manufacturing

NZECO Supports Milk Powder Packaging Lines and Equipment into China

New Zealand Export Credit Office's (NZECO's) Miles Fleming recently visited the Auckland company Technopak to review the progress of a milk powder packing line and a bulk-bag filling unit which are destined for China.

Technopak is a proven exporter in its industry and was a nominee at the 2012 New Zealand International Business Awards in the "Best Use of R&D in International Business" category.

The reason for Miles' close interest is because NZECO is underwriting the design, manufacture and installation of these two engineering systems.



Technopak secured two contracts with a Chinese company for the supply of this machinery. Technopak negotiated advance payments upon the performance of certain milestones.

In response, the Chinese buyer required that Technopak's bank provide it with bank guarantees (known as bonds) that matched the value of these milestone payments. These bonds total 70% of the contract value and protect the buyer from losses in the event Technopak fails to satisfactorily deliver the contract.

Technopak's bank, BNZ, required additional security to issue these bonds - in the form of unencumbered assets (which the Bank already had security over) or using the advance payments as collateral (which would negate the use of these payments for working capital to perform the contract). Accordingly Technopak and BNZ applied for NZECO's Contract Bond Guarantee support.

NZECO underwriters assessed Technopak's technical, managerial and financial capabilities to successfully deliver these two contracts. NZECO offered to underwrite 50% of the value of the bonds, which enabled BNZ to issue the bonds whilst ensuring that Technopak could cashflow these projects, and maintain headroom in its other trade bank facilities to also keep other contracts on target.

"New Zealand's export businesses are the foundation on which New Zealand's economic future is built," says BNZ Managing Partner, Phil Roach.

"BNZ is pleased to partner with NZECO to create innovative solutions enabling businesses such as Technopak to take leading products and innovations to the world, and grow their exports."

In the photo, Miles Fleming and Technopak's Managing Director Henri Hermans stand in front of a milk powder packing line which can measure and fill two 25kg bags of milk powder at the same time. The system was fully completed and ready for dismantling and shipping to China.

Technopak has installed its machines and systems in USA, China and Australia, as well as supplying New Zealand companies.

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This document is available at www.nzeco.govt.nz